

# HOUSE OF COMMONS

Thursday, September 19, 1985

The House met at 11 a.m.

• (1105)

## GOVERNMENT ORDERS

[English]

### FAMILY ALLOWANCES ACT, 1973

#### MEASURE TO AMEND

The House resumed from Wednesday, September 18, consideration of the motion of Mr. Epp (Provencher) that Bill C-70, an Act to amend the Family Allowances Act, 1973, be read a second time and referred to a legislative committee; and the amendment of Mr. Frith (page 6625).

**Mr. George Baker (Gander-Twillingate):** Mr. Speaker, I would like to conclude the remarks which I started yesterday. I was pointing out to the House the great contradictions in the statements made in this Chamber by the Minister of National Health and Welfare (Mr. Epp) as recorded in the House of Commons *Debates* with regard to the intent of this legislation. As recorded on page 1459 of *Hansard*, on December 21, 1984, the Minister said the following: "All savings generated from any changes will be redistributed to social programs and will not be applied to deficit reduction". That same day, as recorded on page 1444 of *Hansard*, the Minister of National Health and Welfare said: "I can confirm that the regular indexing of the Old Age Security, Guaranteed Income Supplement, and family allowance will be increased as of January 1, 1985 . . .".

I point that out to indicate the contradiction in Government policy. There is an even greater contradiction in what the Progressive Conservative Party proclaimed prior to the election campaign and what actually happened in the Minister's Budget. In introducing this legislation which will cut back on family allowance increases, the Minister said that this is part of a package deal. The Bill before the House proposes that the amount of money a mother receives for a child will not be increased by its normal amount. The Minister said that that is only part of the package and there are other things that will be done that were included in the Budget which, he claimed, will offset this reduction is income for the poorer families.

That is why we have a motion for a six-month hoist before the House today. That motion should be for a fifty-year hoist. However, in parliamentary procedure we cannot do that. But let it be understood, Mr. Speaker, that we would prefer that this Bill not be presented to the House at all.

In the budget papers we see an increase in the child tax credit for the taxation year 1987, but we also see that the child tax exemption will be reduced to \$560 per child under the age of 18 at the end of the year. The Budget calls for a further increase of \$35 per child in the child tax credit in 1988, and a reduction in the child tax exemption to \$470 per child under the age of 18 at the end of the year. The Minister of Finance (Mr. Wilson) said in his Budget that in the taxation year 1989 the child tax exemption will be further reduced to equal the value of the family allowances.

That is not all, Mr. Speaker, the Minister of Finance said that starting in 1986 the existing federal tax reduction will be eliminated. He said that, consistent with the Government's general approach, indexation of personal income taxes will also be modified starting next year. He said that beginning in the 1986 taxation year the indexation of personal exemptions and tax brackets will be based on the amount of the annual increase in the CPI that exceeds 3 percentage points. Further on in the budget papers, the Minister said that as part of the deficit reduction measures the Budget proposes to eliminate the federal tax reduction for 1986 and subsequent taxation years. The maximum tax increase from this measure will be \$50 for single and \$100 for married taxpayers in each year. The package which the Minister is talking about includes tax increases all over the place. There will be a reduction in the amount of money that can be claimed on income tax forms.

The Canadian media have looked at these figures and the over-all package and concluded that new calculations show that the Budget will hit poor parents the hardest. In an article on June 13 the Canadian Press said that families earning \$20,000 will lose something in the order of \$100 or \$150. The article then goes on to discuss families earning between \$10,000 and \$20,000. The Minister of Finance presented a Budget which projected that poorer families would benefit. However, no one knew how much they would benefit by because it depends upon how much the Budget takes away from poorer people.

• (1110)

There was a claim made by one of the New Democratic Party Members in this Chamber yesterday that perhaps in the first three years some of the poor families would benefit more. I doubt that very much. That is stretching it to the hopeful extreme. When you look at this package which the Minister of National Health and Welfare is talking about, you see there is a loss. Everybody loses. The people who lose the most are the poor people. I will tell you why, Sir. This Bill is one of the reasons.